

July 2012

Highlights

Internal Audit Report to the
Board of Supervisors

Why We Did This Review

The Sheriff's Office Patrol Service Agreements generate \$10 million in County revenues annually. The purpose of this review was to determine the extent of MCSO financial accountability and compliance with these agreements.

The audit focused on controls over:

- Pricing calculations
- Cost recovery
- Revenue collections
- Level of service
- Compliance with statutes and policies

What We Recommended

We recommended that MCSO:

- Document policies and procedures for pricing calculations and methodologies
- Track expenditures associated with each agreement
- Review rates to ensure full cost recovery where required
- Implement revenue reconciliation procedures



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Patrol Service Agreements Maricopa County Sheriff's Office Controls Over Agreements Need Improvement

What We Found

The Sheriff's Office (MCSO) patrol service agreements generally complied with service provisions; however, improvements are needed in some areas. The table below summarizes the results of our review.

Summary of MCSO Patrol Service Agreement Controls Reviewed	
Area	Results
Pricing Calculations	Most costs were supported, and cost calculations reasonably captured agreed-upon costs. However, we found issues in three areas: (1) supporting documentation, (2) calculations, and (3) consistency (from year to year, and among cities and towns).
Cost Recovery: Cities and Towns	MCSO does not track expenditures by contract city/town or charge for all costs associated with the agreements. In addition, MCSO does not have sufficient documentation to justify which costs are to be charged, or excluded, from chargeback to the contracted entities.
Cost Recovery: Other Entities (AZ State Land Dept., Flood Ctrl., Stadium, Spur Cross Cons. Area, Tonto National Forest)	MCSO accurately charged entities and had supporting documentation for almost all amounts charged. However, improvements are needed to the Stadium District agreement. MCSO subsidized law enforcement services at the Stadium District by approximately \$500,000 over a four-year period, as a result of inadequate rates and unbilled administrative time.
Revenue Collections	Substantially all of the \$48 million in patrol service agreement revenue reviewed was collected. However, no revenue reconciliation process is in place to ensure revenues are received in full and on time each fiscal year.
Level of Service	MCSO complied with service provisions and provided necessary reports; however, reporting could be improved to more accurately reflect MCSO's efforts under the agreements.
Compliance with Statutes and Policies	Agreements contained most required elements; however, most did not address property disposition if the agreement were to be terminated. In addition, MCSO did not maintain copies of all agreements as required.

We appreciate the excellent cooperation received from the Sheriff's Office management and staff while conducting this audit.

"Do the Right Things Right!"

Maricopa County Internal Audit Department